

THE BLENDED RETIREMENT SYSTEM



On Jan. 1, 2018, a new military retirement system was introduced. Retirement pay will be reduced in exchange for automatic and matching TSP contributions, a mid-career continuation pay bonus and options to receive a portion of retirement pay in the form of a one-time payment.

Who will be affected?

- Anyone who has less than 12 YOS as of Dec. 31, 2017 and elects to convert to the new system
- Anyone who enters service on or after Jan. 1, 2018

COMPARISON OF PLANS

The traditional pension is not going away, but it will be **reduced by 20%** in the new retirement system.

CURRENT PLAN

- TSP
- Pension = High-3 Average x YOS x 2.5%
- Monthly check at retirement



NEW PLAN

- TSP + DoD contributions
- Pension calculation = High-3 Average x YOS x 2%
- Continuation Pay
- Monthly check OR one-time payment + reduced monthly check at retirement

**20%
DROP IN
MONTHLY
PENSION
PAYMENTS**

AUTOMATIC AND MATCHING TSP CONTRIBUTIONS

The government is providing an incentive to contribute to the TSP by offering matching contributions, but future TSP returns will vary and are not guaranteed.

You Contribute	DoD Auto Contribution	DoD Matches	Total
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
>5%	1%	4%	your contribution + 5%



- Automatic Contribution of 1% of basic pay – eligible after 60 days of service
- Matching Contributions up to 4% of basic pay – eligible after 2 YOS
- Matching Contributions will continue until completion of 26 YOS

CONTINUATION PAY

2.5x MONTHLY BASIC PAY



- At 12 YOS, a continuation pay bonus will be offered in exchange for a commitment to serve an additional 48 months.
- The bonus may be received in a lump sum or a series of equal annual payments not to exceed 4 consecutive years.
- The bonus is subject to repayment if the service member does not satisfy the time or skill requirements.

THREE OPTIONS FOR COLLECTING YOUR RETIREMENT PAY

**100%
Retirement Pay**

At retirement, begin receiving full monthly retirement pay

**25%
One-Time Payment
75%
Retirement Pay**

Receive 25% one-time payment + 75% of earned retirement pay

**50%
One-Time Payment
50%
Retirement Pay**

Receive 50% one-time payment + 50% of earned retirement pay



For both one-time payment options, the reduced retirement pay remains in effect until the retiree reaches full retirement age (FRA), currently 67. At that time, retirement pay will be restored to the full amount earned.